BRIEF IN SUPPORT OF MOTION.

Subsequent to December 19, 1939, when the plan of reorganization of the Debtor, certified by the Interstate Commerce Commission, was first filed in the District Court, and subsequent to the filing of the supplemental report and order certifying an amended plan of reorganization by the Commission in said Court on April 8, 1940, a substantial change in the economic conditions of the country and consequently in the financial condition of Debtor's estate, has taken place. A copy of the balance sheet and operating statement as certified by the Clerk of the District Court as of October, 1942, is attached hereto as "Appendix A." A copy of statement over the Certificate of Comptroller for the Trustee of Debtor's estate showing cash position, income available for fixed charges before income taxes is attached hereto as "Appendix B." A comparison of the balance sheets of the Debtor as of June 28, 1935, the date of bankruptcy; as of December 31, 1938, the effective date of the plan being January 1, 1939; as of February 29, 1940, the last balance sheet prior to the filing of the supplemental report and order of the Commission containing the plan of reorganization, approved by the District Court on October 12, 1940; and as of October 31, 1942, the latest balance sheet available, is contained in "Appendix C" hereto.

Before calling attention to the change in the financial condition of the Debtor, we cite decisions of this Court which show that it is eminently proper for the Court to consider and take judicial notice of important changes in conditions which have occurred during the progress of the proceedings.

In *Atchison, T. & S. F. R. Co.* v. *United States,* 284 U. S. 248, 76 L. ed. 273, this Court set aside an order of the Interstate Commerce Commission which had refused rehearings to establish of record, changes in economic conditions subsequent to the date of closing of the record before the Commission. In that case the record had closed in September, 1928, and this Court held that such a record "cannot be regarded as representative of the conditions existing in 1931." The argument on behalf of the Commission stated that its determination had been reached after regularly conducted and protracted hearings and that a reopening would have meant further lengthy proceedings. This Court said (U. S. 261, 2):

> "These suggestions would be appropriate in relation to ordinary applications for rehearing, but are without force when overruling economic forces have made the record before the Commission irresponsive to present conditions. This is not the usual case of possible fluctuating conditions but of a changed economic level. And the prospect that a hearing may be long does not justify its denial if it is required by the essential demands of justice."

So we say that where, as here, a most substantial change in operating conditions has come about, the case should be decided upon the conditions now existing, especially since the proceedings are so important from the standpoint of public interest and the vast extent of property rights affected.

The case just discussed has been cited with approval in a number of cases. We call attention to the following:

In *Los Angeles G. & E. Corp.* v. *Railroad Com.,* 289 U. S. 287, 311-312, 333, 77 L. ed. 1180, the decree appealed from was vacated and the case remanded for compliance with Rule 70½, the District Court being required to refer the case to a special master, on the strength of the *Atchison, T. & S. F. R. Co.,* case, *supra.*

In *Central Ky. Nat. G. Co.* v. *Railroad Commission,* 290 U. S. 264, 78 L. ed. 307, this Court cited with approval its decision in *Atchison, T. & S. F. R. Co.* v. *United States, supra,* reversed the decree, and remanded the case without prejudice to the right and power of the Commission to fix a just and reasonable rate, but made no adjudication of the validity of the rate fixed by the Commission, as affected by changed conditions after February 25, 1927, the effective date of appellant's franchise. The District Court had considered itself restricted to findings as of December 26, 1926, and as this Court pointed out (U. S. 274):

> "That restriction also necessarily excluded from consideration the profound changes in values, costs of service, consumption of commodities and reasonable return on invested capital which we judicially know took place during the period of more than five years while the case was pending before the Commission and the court."

See also *Home Building & Loan Asso.* v. *Blaisdell,* 290 U. S. 398, 447, 78 L. ed. 413, where this Court cited with approval *Atchison, T. & S. F. R. Co.* v. *United States, supra,* and discussed with great clarity the nature of equity power of the courts. And see *Dayton P. & L. Co.* v. *Public Utilities Commission,* 292 U. S. 290, 311, 78 L. ed. 1267, wherein again this Court cites with approval the *Atchison, T. & S. F. Ry. Co.* case, *supra,* reaffirming the right and duty of the Court to take notice of business conditions.

The foregoing decisions establish the right of the petitioner to have filed in this Court as a part of the record indisputable evidence taken from the files of the District Court and certified to by the Clerk of that Court, filed by the Trustee of the Debtor's property in accordance with an order of such Court, which clearly establishes the financial condition of the Debtor as of October 31, 1942.

The hearing upon which the Interstate Commerce Commission devised and certified the plan of reorganization, later approved and confirmed by the Court, closed April 23, 1938 (Tr. 3395), long prior to the decision promulgating the supplemental report and order on April 2, 1940. But assuming that the Commission took judicial notice of the reports of the Trustee of Debtor's estate, filed monthly with it, it is clear that the balance sheet as of February 29, 1940, is the most recent which the Commission could have considered in determining its plan of reorganization. It cannot be doubted that none of the improvements in the financial condition subsequent to February 29, 1940, was considered by the Commission in any respect in connection with the determination of the plan of reorganization of the Debtor.

There is now ample cash on hand to pay off the indebtedness to the Reconstruction Finance Corporation as appears on Appendix A, Appendix B and Appendix C, hereto attached. The assets of the Debtor on October 31, 1942, were greater by $53,361,041 than on February 29, 1940, at which time the Commission fixed the maximum capitalization of the reorganized company at $449,974,309. Of this increase in total assets, $47,458,147.44 is an increase in current assets, the latter item representing cash or the equivalent of cash. Total assets of the Debtor on February 29, 1940, were $685,532,492.89 and on October 31, 1942, were $738,893,534.23. One of Debtor's objections to the plan of reorganization is that the maximum capitalization fixed by the Commission is too low. (Tr. 4000) It follows that the maximum capitalization provided for in the plan of reorganization should be increased at least by the increase in assets of $53,361,041.

Inasmuch as disposition of the petition for writs of certiorari in the instant matter may be controlled by the

judgment of this Court in two matters now awaiting decision, namely, that involving the reorganization of the Western Pacific Railroad Company, Docket Nos. 7, 8, 20, 33 and 61, and that of the Chicago, M., St. P. & P. R. Co., Docket Nos. 11-19, 32, suggestion is respectfully made to this Court that, in the event it should conclude that the judgment of the Circuit Court of Appeals should be affirmed by this Court without argument, the order of this court expressly state that such action is taken without prejudice to the presentation to the District Court of a petition for an order directing the Trustee of Debtor's estate to pay the principal and interest of the claim of the Reconstruction Finance Corporation. In support of that suggestion we show as follows:

As of October 31, 1942, with interest computed at 4 per cent during the period of Trusteeship, the total amount due Reconstruction Finance Corporation from the Debtor is $48,178,750.87. (See Appendix B) The plan of reorganization of the Debtor allotted to Reconstruction Finance Corporation, in full settlement of its claim, (1) the following securities of the new company outright (Tr. 3677):

Fifteen-year secured notes	$25,000,000
First and general mortgage bonds, Series A	7,783,180
Second mortgage convertible income bonds, Series A, 4½ per cent	12,114,530
Preferred stock, Series A, 5 per cent	15,543,462
Common stock, no par (stated at $100 a share)	23,259,836
Total	$83,701,008

(2) the following securities were given unconditionally to the Reconstruction Finance Corporation (Tr. 3610):

Union Pacific Railway Company preferred stock, par value	$ 2,085,000
New York Central Railroad Company 4 per cent bonds, 1998	64,000
New York Central & Hudson River Railroad Company 4½ per cent bonds, 2013	100,000
Total	$ 2,249,000

(3) the following securities of the new company were given as collateral to secure the $25,000,000 of 15-year notes (Tr. 3609-3610):

Chicago and North Western Company equipment trust 4½ per cent, Series Y certificates	$ 104,000
Chicago, St. Paul, Minneapolis & Omaha Railway Company first mortgage Series A 5 per cent, due 2000	45,186,000
Chicago, St. Paul, Minneapolis & Omaha Railway Company equipment trust 4¾ per cent Series I certificates	128,000
Indiana Harbor Belt Railroad Company capital stock	1,520,000
Sioux City Bridge Company capital stock (with assignment of dividends for application in reduction of principal of debt before maturity)	945,800
Superior Coal Company capital stock (with assignment of dividends for application in reduction of principal of debt before maturity)	2,000,000
Total	$49,883,800

The grand total of securities of the new company and of the Union Pacific and New York Central to be delivered to Reconstruction Finance Corporation is $135,833,808.

If the claim of the Reconstruction Finance Corporation be paid off in full, all securities in the total of $135,833,808 allocated to said corporation would be released and available for creditors and stockholders whose claims were not provided for in the plan of reorganization. The Commission's plan of reorganization fails to provide in full for the claims of holders of 20-year convertible bonds of 1949, the unsatisfied portion thereof approximating $40,790,912; made no provision for the holders of the preferred stock of the Debtor company of a par value of $22,395,000; and no provision for holders of common stock of the Debtor company outstanding of the par value of $158,440,330.

The maximum capitalization provided for the new company under the plan of reorganization is $449,974,309, which amount petitioner asserts is entirely too low, having in mind the value of Debtor's property. If the claim of the Reconstruction Finance Corporation be paid in full,

the securities allocated to that creditor are sufficient, within the maximum capitalization authorized in the plan of reorganization, to provide for discharge of the claim of convertible bonds of 1949 in full and a substantial allotment to the holders of preferred and common stock of the Debtor.

As appears from the balance sheet attached hereto (Appendix A) as of October 31, 1942, there was on hand in possession of the Trustee, cash, temporary cash investments, and special deposits in the total sum of $56,074,682. The following table is a statement of the current asset account on the balance sheet hereto attached, as of October 31, 1942:

(708)	Cash		$37,456,382
(709)	Temporary cash investments		10,776,181
(711)	Special deposits		7,842,118
	Total		$56,074,681
(712)	Loans and bills receivable	$ 900	
(714)	Net balance receivable from agents and conductors (cash in transit, etc.)	3,407,086	
(715)	Miscellaneous accounts receivable (including large government freight and passenger accounts)	6,149,843	
(716)	Material and supplies on hand	10,090,898	
(717)	Interest and dividends receivable	63,811	
(719)	Other current assets	204,467	19,917,005
	TOTAL CURRENT ASSETS		$75,991,687

It is clear from the foregoing that the Trustee of Debtor's estate has ample funds on hand as of October 31, 1942, to pay off the indebtedness to the Reconstruction Finance Corporation and still have ample working capital to maintain the property of the Debtor now in control of the Trustee. Moreover, Appendix B shows that on November 30, 1942, cash, temporary investments and special deposits aggregated $59,575,918 and Debtor's Comptroller estimates that these items as of December

31, 1942, will exceed $60,000,000 (Appendix B), approximately $4,000,000 greater than on October 31, 1942, thus bettering the position of the Debtor in that amount from that shown in the balance sheet of October 31, 1942. That estimate of cash as of December 31, 1942, assumes that there will be a normal conversion of cash in the book accounts between October 31 and December 31, 1942.

Cash in bank draws little, if any, interest; the debt to the Reconstruction Finance Corporation bears interest at 5 per cent on some notes and 6 per cent on other notes, and in any event bears an interest rate of at least 4 per cent. It is in the interest of Debtor's estate that cash be used to pay off this debt at the earliest possible date. The saving in interest alone approximates $1,700,000 annually.

In the 55th Annual Report of the Interstate Commerce Commission to the Congress dated November 1, 1941, page 2, the Interstate Commerce Commission pointed out the wisdom of reduction of indebtedness "in the present tide of apparently revived earning power." Payment in the instant case of the debt to the Reconstruction Finance Corporation would be in furtherance of the "sane and sound policy" as expressed by the Commission.

During the proceedings before the District Court involving approval of the plan of reorganization, the Trustee of Debtor's estate urged that the claim of the Reconstruction Finance Corporation should bear interest at 4 per cent instead of 5 per cent on some notes and 6 per cent on others. (Tr. 4936-47)

The record contains (Tr. 4943-45) a memorandum of the action of the directors of the Reconstruction Finance Corporation that

"upon final confirmation of the plan of reorganiza-

> tion contained in the report and order of the Interstate Commerce Commission dated December 12, 1939, as supplemented by report and order dated April 2, 1940, Finance Docket No. 10881, this Corporation will, upon request of the reorganization managers for Chicago and North Western Railway Company or of the reorganized Chicago and North Western Railway Company, duly execute and deliver an agreement in the enclosed form."

That agreement (Tr. 4944) provides that the Reconstruction Finance Corporation will surrender to the reorganized company, or upon the request of that company, to the nominee thereof, all of the securities which the Interstate Commerce Commission had allocated to Reconstruction Finance Corporation, which the Reconstruction Finance Corporation may have at such time as there is tendered and paid to the Reconstruction Finance Corporation a sum of money equivalent to the amount of the indebtedness as of June 28, 1935, and interest thereafter at 4 per cent per annum, (1) less such dividends, interest and other payments as may have been received between June 28, 1935, and January 1, 1939, by Reconstruction Finance Corporation on account of the collateral pledged with Reconstruction Finance Corporation by Chicago and North Western Railway Company to secure such indebtedness; (2) less the net proceeds, if any, of the liquidation of the new securities and such of the old securities as shall have been sold prior to the date of tender and payment, plus dividends and interest received by Reconstruction Finance Corporation on both the new securities and the old securities from January 1, 1939, to the date of tender; and (3) less the principal amount at the date of tender and payment of the new secured notes due January 1, 1954, plus interest and principal payments received by Reconstruction Finance Corporation to date of tender and payment. The Reconstruction Finance Corporation

declined to enter into any agreement that none of those securities would be sold. (Tr. 4946)

Thus we have of record an expression of willingness on the part of the Reconstruction Finance Corporation to accept the principal amount of its claim with interest at 4 per cent during the period of Trusteeship, provided that the reorganized company or its nominee purchases the Reconstruction Finance Corporation holdings.

Attached as Appendix D hereto is a copy of a resolution of the Board of Directors on December 10, 1942, directing the special committee and counsel to take proper action to secure payment of the debt to the Reconstruction Finance Corporation. The Debtor submits that it should have the right, since its Trustee now has the cash available, immediately to pay the principal and accrued interest in the amount stated in the offer of the Reconstruction Finance Corporation above referred to and thus give to the creditors and stockholders of the Debtor the benefit which will result from the retirement of this debt. By reference to the reports of the Interstate Commerce Commission authorizing the loans from the Reconstruction Finance Corporation to the Debtor, it will be noted that the funds so secured were intended for support to the capital structure of the Debtor, thus improving the security of other creditors.

The loans by Reconstruction Finance Corporation to the Debtor were made for the purposes stated in Interstate Commerce Commission reports as follows: to pay interest and equipment-trust maturities, $7,600,000, 180 I. C. C. 533, 534; to repay bank loans, to pay fixed interest charges, to pay equipment-trust principal, and to pay equipment-trust notes, $12,461,350, 187 I. C. C. 494, 495; for purchase and treatment of ties, $1,000,000, 187 I. C. C.

692; to pay interest and equipment-trust maturities, and to pay one-half of amount of a maturing issue of debentures, $11,127,000, 189 I. C. C. 405, 406; to pay at maturity one-half the principal of bonds which were first lien on 1226 miles of road, $3,862,000, 193 I. C. C. 370, 371; to pay maturing equipment-trust certificates or to replenish working capital after such payment, and to pay bond interest, $7,357,000, 202 I. C. C. 267, 268; to pay unpaid vouchers, to pay taxes and to pay interest, $4,138,000, 202 I. C. C. 347, 348. Of the total amount of loans approved by the Commission, of $47,546,050, the sums advanced by Reconstruction Finance Corporation amounted to $46,588,133 as of December 31, 1934; the railroad company repaid $3,538,000 leaving $43,050,133 as of February 1, 1935. Of that outstanding sum as of that date, $27,302,933 was carried in current liabilities account and the remainder as funded debt, 207 I. C. C. 123, 124.

We submit the funds secured by loans were used to strengthen the security back of creditors' claims and the payment of these loans at the present time would not violate the applicable law in any respect.

As showing that Debtor's estate will not be injured by using its cash to pay off this debt we call attention to the fact that, as appears from the certificate of the Comptroller, the Debtor had income available for fixed charges, but before income taxes for the ten months ending October 31, 1942, of $28,209,772; also, the Comptroller estimates that for the calendar year 1942 the income available for fixed charges, but before income taxes, will approximate $32,200,000.

The plan of reorganization has not yet become effective. Should this Court deny writs of certiorari herein, and fail to require payment of the debt due the Reconstruc-

tion Finance Corporation, the Debtor corporation desires to present to the District Court a petition for an order directing the Trustee to pay the claim of the Reconstruction Finance Corporation in full and to remand the proceedings to the Interstate Commerce Commission for modification of the plan of reorganization to give effect to the payment of the claim of the Reconstruction Finance Corporation. Prayer is therefore made that, should the petition for writs of certiorari be denied, the mandate of this Court will definitely provide that such action is taken without prejudice to the exercise of equitable jurisdiction of the District Court in accordance with Section 77. Such a proviso is necessary to dispel any doubt that the District Court might otherwise have that it is not within its jurisdiction to entertain such petition.

For the reasons herein stated, this Court should grant this motion to supplement the record herein by receipt of the certified copy of the statement of liabilities and assets of the Debtor, North Western Railway Company, as of October 31, 1942, and the summary of revenues and expenses for said Debtor for the month of October, 1942; and the memorandum of C. H. Westbrook, Comptroller for the Debtor's estate, dated December 15, 1942, showing cash assets of Debtor's estate as of October 31, 1942, and November 30, 1942, income available for fixed charges before income taxes and amount of indebtedness of Debtor to Reconstruction Finance Corporation as of October 31, 1942.

Petitioner in no respect qualifies its petition and prayer for writs of certiorari dated March 4, 1942, but urges that such writs issue and that the case be heard on brief and oral argument as provided by the rules of this Court.

Copies of this motion, with supporting brief and ap-

pendices, have been served on all parties to these proceedings.

Respectfully submitted,

HELEN W. MUNSERT,
LUTHER M. WALTER,
Attorneys for Chicago and North Western Railway Company, Debtor, Petitioner.

Dated at Chicago, Illinois, this 17th day of December, 1942.

APPENDIX A.

IN THE DISTRICT COURT OF THE UNITED STATES,
FOR THE NORTHERN DISTRICT OF ILLINOIS,
EASTERN DIVISION.

In Proceedings for the Reorganization of a Railroad.

In the Matter of
CHICAGO AND NORTH WESTERN RAILWAY COMPANY, *Debtor.* } No. 60448.

Statement of Assets and Liabilities of Debtor as of October 31, 1942 and Summary of Revenues and Expenses of Debtor for the Month of October, 1942.

TO THE CLERK OF SAID COURT:

Pursuant to Section 7 of Order No. 1, entered herein on June 28, 1935, I submit herewith a statement of the assets and liabilities of the Debtor as of October 31, 1942, together with a statement showing revenues and expenses of the Debtor for the month of October, 1942. Said statements are certified as correct by the chief accounting officer of the Debtor.

CHARLES M. THOMSON,
Trustee of the property of Chicago and North Western Railway Company.

Dated: December 7, 1942.
Filed: December 8, 1942.

	ASSETS.	Prior	Current
INVESTMENTS:			
(701)	Road and Equipment Property	$544,599,199.48	Cr. $6,754,115.45
(702)	Improvements on Leased Property	376,868.91	Cr. 41,616.68
(704)	Deposits in Lieu of Mortgaged Property Sold	.....	152,643.33
(705)	Miscellaneous Physical Property	13,513,931.88	23,619.37
(706)	Investment in Affiliated Companies—		
	Stocks	27,244,538.67	60,000.00
	Bonds	46,260,061.55	.....
	Advances	664,067.07	380,229.04
(707)	Other Investments—		
	Stocks	3,910,575.93	220.00
	Bonds	151,770.00	.....
	Miscellaneous	.....	12,191.47
		$636,721,013.49	Cr. $6,166,828.92
CURRENT ASSETS:			
(708)	Cash	.....	37,456,382.51
(709)	Temporary Cash Investments	.....	10,776,181.25
(711)	Special Deposits	4,000.00	7,838,118.62
(712)	Loans and Bills Receivable	.....	900.00
(714)	Net Balance Receiv. from Agents & Conductors	.....	3,407,086.06
(715)	Miscellaneous Accounts Receivable	1,944.09	6,147,899.02
(716)	Material and Supplies	.....	10,090,897.90
(717)	Interest and Dividends Receivable	.....	63,810.96
(719)	Other Current Assets	Cr. 88.35	204,555.47
		$ 5,855.74	$ 75,985,831.79
DEFERRED ASSETS:			
(720)	Working Fund Advances	.....	27,367.07
(722)	Current Account—Assets—June 30, 1935, Collected (See Contra)	33,086,955.88	.....
(722)	Prior Account—Liabilities—June 30, 1935, Paid (See Contra)	.....	75,647,205.40
(722)	Other Deferred Assets	12,956,748.18	17,791,749.77
		$ 46,043,704.06	$ 93,466,322.24
UNADJUSTED DEBITS:			
(723)	Rents and Insurance Premiums Paid in Advance	.....	95,855.31
(727)	Other Unadjusted Debits	47,542.44	1,428,399.36
		$ 47,542.44	$ 1,524,254.67
	Par Value of Holdings		
(728)	Securities Issued or Assumed by Respondent—Unpledged $9,106,000.00		
(729)	Securities Issued or Assumed by Respondent—Pledged 83,555,000.00		
	$92,661,000.00	$682,818,115.73	$164,809,579.78

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
CHARLES M. THOMSON, TRUSTEE
BALANCE SHEET—OCTOBER 31, 1942

	Prior	Current	Total
.....	$544,599,199.48	Cr. $6,754,115.45	$537,845,084.03
.....	376,868.91	Cr. 41,616.68	335,252.23
ld....	.....	152,643.33	152,643.33
.....	13,513,931.88	23,619.37	13,537,551.25
.....	27,244,538.67	60,000.00	27,304,538.67
.....	46,260,061.55	.....	46,260,061.55
.....	664,067.07	380,229.04	1,044,296.11
.....	3,910,575.93	220.00	3,910,795.93
.....	151,770.00	.....	151,770.00
.....	.....	12,191.47	12,191.47
	$636,721,013.49	Cr. $6,166,828.92	$630,554,184.57
.....	.....	37,456,382.51	37,456,382.51
.....	.....	10,776,181.25	10,776,181.25
.....	4,000.00	7,838,118.62	7,842,118.62
.....	.....	900.00	900.00
tors..	.....	3,407,086.06	3,407,086.06
.....	1,944.09	6,147,899.02	6,149,843.11
.....	.....	10,090,897.90	10,090,897.90
.....	.....	63,810.96	63,810.96
.....	Cr. 88.35	204,555.47	204,467.12
	$ 5,855.74	$ 75,985,831.79	$ 75,991,687.53
.....	.....	27,367.07	27,367.07
.....	33,086,955.88	.....	.....
.....	.....	75,647,205.40	.....
.....	12,956,748.18	17,791,749.77	30,748,497.95
	$ 46,043,704.06	$ 93,466,322.24	$ 30,775,865.02
vance	.....	95,855.31	95,855.31
.....	47,542.44	1,428,399.36	1,475,941.80
	$ 47,542.44	$ 1,524,254.67	$ 1,571,797.11
ldings			
000.00			
000.00			
000.00	$682,818,115.73	$164,809,579.78	$738,893,534.23

LIABILITIES.	Prior	Current	Total
STOCK:			
(751) Capital Stock	$180,835,300.00	.....	$180,835,300.00
Scrip	4,545.25	.....	4,545.25
(753) Premium on Capital Stock	29,657.75	.....	29,657.75
	$180,869,503.00	.....	$ 180,869,503.00
GOVERNMENTAL GRANTS:			
(754) Grants in Aid of Construction	$ 463,116.49	$ 2,486,910.32	$ 2,950,026.81
LONG TERM DEBT:			
(755) Funded Debt Unmatured $373,391,000.00			
Less Respondent's Holdings 92,596,000.00	$280,795,000.00	.....	$280,795,000.00
(755½) Long Term Debt in Default	$ 71,724,262.71	.....	$ 71,724,262.71
(756) Receivers' and Trustees' Securities $20,018,000.00			
Less Respondent's Holdings 65,000.00	$ 1,781,000.00	$ 18,172,000.00	$ 19,953,000.00
CURRENT LIABILITIES:			
(759) Traffic and Car Service Balances—Cr.	Dr. 113.00	4,172,893.97	4,172,780.97
(760) Audited Accounts and Wages Payable	5,738.36	5,560,439.24	5,566,177.60
(761) Miscellaneous Accounts Payable	6.02	187,734.76	187,740.78
(762) Interest Matured Unpaid	16,128.75	7,440.00	23,568.75
(763) Dividends Matured Unpaid	62,055.70	.....	62,055.70
(764) Unmatured Interest Accrued	1,230,650.00	103,542.89	1,334,192.89
(767) Accrued Tax Liability	79,278.58	4,520,929.75	4,600,208.33
(768) Other Current Liabilities	5,000.00	3,726,934.00	3,731,934.00
	$ 1,398,744.41	$ 18,279,914.61	$ 19,678,659.02
DEFERRED LIABILITIES:			
(769½) Matured Interest in Default	98,925,922.35	.....	98,925,922.35
(770) Current Account Liabilities—June 30, 1935, Paid (See Contra)	75,647,205.40	.....	.....
(770) Prior Account—Assets—June 30, 1935, Collected (See Contra)	.....	33,086,955.88	.....
(770) Other Deferred Liabilities	66,471.75	1,747,671.22	1,814,142.97
	$174,639,599.50	$ 34,834,627.10	$100,740,065.32
UNADJUSTED CREDITS:			
(772) Premium on Funded Debt	377,644.46	21,950.67	399,595.13
(773½) Equalization Reserves	.....	Dr. 69,562.44	Dr. 69,562.44
(775) Accrued Depreciation—Road	.....	2,221,650.81	2,221,650.81
(776) Accrued Depreciation—Equipment	62,843,454.35	11,966,878.61	74,810,332.96
(776½) Accrued Amortization of Defense Projects—Equipment	.....	474,347.14	474,347.14
(778) Other Unadjusted Credits	3,102,927.44	28,013,862.22	31,116,789.66
	$ 66,324,026.25	$ 42,629,127.01	$108,953,153.26
CORPORATE SURPLUS:			
(779) Additions to Property through Income and Surplus	3,222,501.26	Dr. 32,270.01	3,190,231.25
(784) Profit and Loss	Dr. 98,399,637.89	48,439,270.75	Dr. 49,960,367.14
	Dr. $95,177,136 63	$ 48,407,000.74	Dr. $46,770,135.89
	$682,818,115.73	$164,809,579.78	$738,893,534.23

CHICAGO AND NORTH WESTI

CHARLES M. THOM

INCOME ACCOUNT—MONT

I. OPERATING INCOME

Railway Operating Income:

Operating Revenues—

- Freight .....
- Passenger .....
- Mail .....
- Express .....
- Miscellaneous .....
- Incidental .....
- Joint Facility—net .....

Total Operating Revenues.....

Operating Expenses—

- Maintenance of Way and Structures.....
- Maintenance of Equipment.....
- Traffic .....
- Transportation .....
- Miscellaneous .....
- General .....

Total Operating Expenses.....

NET REVENUE FROM RAILWAY OPERATIONS

Railway Tax Accruals.....

RAILWAY OPERATING INCOME.....

Rent Income:

- Rent from Locomotives.....
- Rent from Passenger-train Cars.....
- Rent from Work Equipment.....
- Joint Facility Rent Income.....

Total Rent Income.....

Rents Payable:

- Hire of Freight Cars—Debit Balance.....
- Rent for Locomotives.....
- Rent for Passenger-train Cars.....
- Joint Facility Rents.....

Total Rents Payable.....

NET RENTS .....

NET RAILWAY OPERATING INCOME.....

ERN RAILWAY COMPANY

SON, TRUSTEE

H OF OCTOBER, 1942

	Prior	Current	Total
	$ 142.30	$10,758,690.75	$10,758,833.05
	.....	2,001,680.54	2,001,680.54
	.....	212,946.94	212,946.94
	.....	343,220.72	343,220.72
	.....	428,011.30	428,011.30
Dr.	6.75	368,227.46	368,220.71
	.....	Dr. 200,114.32	Dr. 200,114.32
	$ 135.55	$13,912,663.39	$13,912,798.94
	$ 430.75	$ 1,898,876.73	$ 1,899,307.48
	26.66	2,009,410.98	2,009,437.64
	.....	199,643.62	199,643.62
	26.67	4,066,310.02	4,066,336.69
	.....	112,291.06	112,291.06
	.....	305,586.35	305,586.35
	$ 484.08	$ 8,592,118.76	$ 8,592,602.84
Def.	$ 348.53	$ 5,320,544.63	$ 5,320,196.10
	.....	1,690,446.41	1,690,446.41
Def.	$ 348.53	$ 3,630,098.22	$ 3,629,749.69
	.....	7,785.21	7,785.21
	.....	37,848.95	37,848.95
	.....	1,098.62	1,098.62
	.....	40,352.90	40,352.90
	.....	$ 87,085.68	$ 87,085.68
	.....	229,379.48	229,379.48
	.....	4,298.51	4,298.51
	.....	7,688.30	7,688.30
Cr.	194.48	47,917.80	47,723.32
Cr.	194.48	$ 289,284.09	$ 289,089.61
Cr.	$ 194.48	$ 202,198.41	$ 202,003.93
Def.	$ 154.05	$ 3,427,899.81	$ 3,427,745.76